



## **PURCHASE ORDER TERMS AND CONDITIONS**

Except as otherwise agreed by Electrical Components International, Inc., or its affiliates and/or subsidiaries ("Buyer") in writing, the following terms and conditions will apply to all purchases made by Buyer.

1. **OFFER; ACCEPTANCE; EXCLUSIVE TERMS.** Each purchase order ("Order"), together with these Terms and Conditions constitutes an offer by Buyer to the party to whom such Order is addressed and such party's applicable affiliate or subsidiary ("Seller") to enter into the agreement it describes, and it shall be the complete and exclusive statement of such offer and agreement. An Order does not constitute an acceptance by Buyer of any offer or proposal by Seller, whether in Seller's quotation, acknowledgement, invoice or otherwise. If any Seller quotation or proposal is held to be an offer, that offer is expressly rejected and is replaced in its entirety by the offer made up of the Order and these Terms and Conditions. Buyer's Order is expressly made in reliance on Seller's assent to all Terms and Conditions hereof. A contract is formed when Seller accepts the offer of Buyer. Each Order shall be deemed accepted upon the terms and conditions of such Order by Seller by shipment of goods, performance of services, commencement of work on goods, written acknowledgement, or any other conduct of Seller that recognizes the existence of a contract pertaining to the subject matter hereof. Acceptance is expressly limited to these Terms and Conditions and such terms and conditions as are otherwise expressly referenced on the face of the Order. No purported acceptance of any Order on terms and conditions which modify, supersede, supplement or otherwise alter these Terms and Conditions shall be binding upon Buyer and such terms and conditions shall be deemed rejected and replaced by these Terms and Conditions unless Seller's proffered terms or conditions are accepted in a physically signed writing by Buyer's Chief Procurement Officer, notwithstanding Buyer's acceptance of or payment for any shipment of goods or similar act of Buyer. In the event of a conflict between the Order and any prior or contemporaneous agreement or document exchanged between Buyer and Seller, the Order governs.
  
2. **PRICE.** Buyer shall not be billed at prices higher than specified on the front of this Order. Seller represents that each price for items sold under this Order is the lowest price charged by Seller during the term of this Order to any other customer for the same or like items in equal or less quantity on similar terms and conditions and that such prices comply with applicable government regulations in effect at time of quotation, sale, or delivery. No price increase shall be effective unless Buyer approves the price increase in advance in writing. Seller shall give Buyer written notice of any proposed price increase ninety (90) days prior to the proposed effective date and shall, upon request, document the basis for its request. Any approved price increase will not apply to items past due on the effective date and Buyer will not approve any retroactive price increases. Seller agrees that any price reduction made in any items covered by this Order subsequent to the placement of this Order will be applicable to this Order. Buyer may pay all discounts provided for on invoices within the time stated on such invoices, which shall be calculated from the date an acceptable invoice is received or the date that the goods are received, whichever is later. The discount period shall not commence on orders for tooling until items for such tooling are received and approved by the Buyer.
  
3. **DELIVERY.** Time and rate of deliveries are of the essence of this Order. Buyer reserves the right to cancel this Order without charge and/or reject the goods because of default by Seller in time or rate of delivery. Buyer at its option may approve revisions to this contract, but only when agreed to in



writing by the Buyer. Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet delivery schedule. Goods arriving to Buyer past due or in advance of Buyer's material delivery schedule may be rejected or returned to Seller at Seller's expense, including any administrative costs plus any costs associated with charge-backs from the Buyer's customers. The Buyer may also chargeback to the Seller lost production time and profit resulting from Seller's lack of timely delivery or performance. Premium shipping expenses and/or other related expenses necessary to meet delivery schedules set forth in Releases shall be Seller's sole responsibility, unless the delay or expense was solely the result of Buyer's negligence and Seller provides Buyer with notice of any claim against Buyer within ten (10) days after the occurrence of the alleged negligent action of Buyer giving rise to such claim. Seller shall not reserve a security interest in goods shipped to Buyer. The seller must provide "Certificate of Origin" of the purchased item before first delivery. Title to and the risk of any loss of or damage to the items subject to this Order shall pass from Seller to Buyer F.O.B. Buyer's plant. Passing of title upon such delivery shall not constitute acceptance of the Products by Buyer or relieve Seller of any of its obligations hereunder.

4. **REJECTIONS.** All goods may be subject to inspection and test by Buyer at place of manufacture or at destination or at both. If any goods are found to be defective or in any way not in conformity with requirements of this Order, (including any applicable drawings or specifications), Buyer, in addition to any other rights which it may have under warranties or otherwise, shall have the right to reject and return such goods at Seller's expense and to receive full reimbursement for any such rejected goods as well as any administrative costs, lost production time costs and other associated costs, or upon written request of Buyer, to receive replacement of any such rejected goods without additional cost to Buyer, but Seller shall be responsible for all of buyer's administrative costs, at the rate of 25% of the value of the rejected goods cost resulting therefore and/or lost profit from such initial return goods.
  
5. **BUYER'S PROPERTY.** Unless otherwise agreed to in writing, layouts, models, all tools, gauges, designs, sketches, drawings, blueprints, patterns, dies, specifications, engineering data or other technical or proprietary information, special appliances, and other equipment or materials of every description furnished to Seller by Buyer, or any materials affixed or attached thereto, shall remain the property of the Buyer ("Buyer's Property"). Such property (and whenever practical, each individual item thereof), shall be plainly marked or otherwise adequately identified by Seller as "property of Electrical Components International" and shall be safely stored separate and apart from Seller's property and shall be subject to examination by Buyer. Seller shall not substitute any property for Buyer's Property and shall not use such except in filling Buyer's orders. Buyer's Property, while in Seller's custody or control, shall be maintained in good condition at Seller's expense, shall be held at Seller's risk and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Buyer's Property shall be subject to removal at Buyer's written request, in which event Seller shall prepare Buyer's Property for shipment and shall deliver the same to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted. Any special tooling, the full cost, or a substantial portion of the cost of which is included in the price of Buyer's orders, shall upon completion of orders become property of Buyer. Seller shall return the same to Buyer or make such other disposition thereof as may be directed or approved by Buyer.



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6. **PATENT RIGHTS.** All discoveries, inventions, and designs, whether patentable or subject to copyright, conceived or reduced to practice by Seller or its employees in connection with the supply pursuant to this Order, of any item as to which Buyer furnishes the specifications, shall be promptly disclosed to Buyer, and shall become the property of Buyer. Seller and its employees shall, upon request, execute all papers necessary to assign such discoveries, inventions, and designs to Buyer and to cause at Buyer's expense patent applications to be filed thereon in favor of Buyer. The decision as to whether to file patent applications and to prosecute same shall be made solely by Buyer.
7. **CHANGES.** Buyer shall have the right to make changes in the Order by giving notice to the Seller. If such changes cause an increase or decrease in the amount due under the Order or in the time required for its performance, an equitable adjustment may be made, and the Order shall be modified accordingly. If any quantity ordered on an individual Purchase Order Form or on a Material Delivery Schedule is decreased or canceled by Buyer, it shall be Seller's responsibility to minimize the effects/costs, including diverting material for other uses. Any claim for adjustment must be asserted by the Seller in writing within five (5) days from the date the change is ordered. Nothing contained in this clause shall relieve the Seller from proceeding without delay in the performance of this Order as changed. Seller shall not make changes in specifications, physical composition of, or processes used to manufacture goods hereunder without Buyer's prior written consent.
8. **ASSIGNMENT AND SUBCONTRACTING.** No assignment of this Order shall be binding upon Buyer until Buyer's written consent thereto is obtained. Seller shall not procure or contract for the procurement of any item covered by this Order in completed or substantially completed form without first securing the written consent of the Buyer.
9. **INDEMNIFICATIONS.** Seller shall defend and shall indemnify and hold harmless Buyer, its successors, assigns, customers, and the users of its products, from all loss and damage including reasonable attorney's fees, by reason of any and all claims and suits charging damage or injury or charging infringement of any patent, trademark, copyright or other property right arising out of the sale or use of any goods furnished hereunder except that Seller shall have no liability with respect to patent infringement for goods as to which Buyer furnishes complete specifications. Seller shall upon request, provide product liability insurance, naming Buyer as an additional insured, in limits acceptable to Buyer.
10. **WARRANTIES.** By accepting this offer, Seller warrants that all items delivered under this Order will be "merchantable" as defined in 2-314 of the Uniform Commercial Code and free from defects in material and workmanship (including damage due to unsatisfactory packaging by Seller), that all items delivered will be strictly in accordance with Buyer's terms, specifications, drawings, and approved sample, if any, and to extent such items are not manufactured pursuant to detailed designs furnished by Buyer, that all items will be free from defects in design and suitable for the intended purposes.
11. **SURVIVAL OF IDEMNIFICATIONS AND WARRANTIES.** Seller's obligations under Paragraphs 9 and 10 hereinabove shall not be deemed to be exclusive, and together with any service warranties and guarantees, if any, shall survive acceptance, of the goods, payment therefore and/or termination, and shall run to Buyer, its successors, assigns, customers and the users of its products.



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12. **DEFAULTS - BANKRUPTCY - CANCELLATION.** Buyer may cancel this Order in whole or in part: (a) if the Seller shall become insolvent or make a general assignment for the benefit of creditors, or a receiver or liquidator for Seller is appointed or applied for, or if Seller admits in writing its inability to pay its debts as they become due, or (b) if any proceeding under any applicable Federal or State bankruptcy or insolvency law is brought by or against Seller, or (c) if, at any time Seller shall default in performance or shall so fail to make progress in the work as to endanger performance hereunder in the sole discretion of Buyer, or (d) if Buyer's customers cancel, (or in any other way render obsolete) requirements for goods specified in this Order. After receipt of notice for any such termination, Buyer, at its option, may require the Seller to transfer title and deliver to Buyer any satisfactorily completed work and such work in process and all associated raw materials as the Seller has specifically produced or specifically acquired for the performance of such part of the Order as has been canceled. Upon any such termination pursuant to this clause, if the cost of completion of the Order is in excess of the contract price, then Seller shall be liable for such excess. However, except with respect to default of subcontractors, the Seller shall not be liable for any excess costs if the failure to perform arises out of causes beyond the control and without the fault or negligence of the Seller. If the failure to perform is caused by the default of the subcontractor, and if such default arises out of causes beyond the control of both the Seller and its subcontractors, and without the fault or negligence of either of them, the Seller shall not be liable for any costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to comply with the Order. Buyer shall not be liable for any delay or failure to perform its obligations if delay or failure arises from causes beyond the control of Buyer. The term "causes beyond the control" as used herein may include but is not restricted to acts of God or of the public enemy, acts of the government in its sovereign capacity, fires, floods, epidemics, pandemics, quarantine restrictions, strikes, freight embargoes or unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Seller and its subcontractor or of the Buyer, as the case may be. The rights and remedies of Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Order.
13. **USE OF DESIGNS, DATA, ETC.** Seller agrees that it will keep confidential the features of any equipment, tools, gauges, patterns, designs, drawings, engineering data, completed production parts or other technical or proprietary information furnished by Buyer ("Proprietary Information") and use such items only in the production of items under this Order or other orders from Buyer and not otherwise unless Buyer's written consent is first obtained. Upon completion or termination of this order, or sooner if requested by Buyer, Seller shall return all Proprietary Information to Buyer or make such other disposition thereof as may be directed or approved by Buyer.
14. **VERIFICATION.** Buyer has the right at any reasonable time and upon reasonable request to verify any data that the Supplier has submitted under this Agreement.
15. **SET-OFF.** Buyer shall always have the right to set off (deduct from payments) any amount owing from Seller to Buyer.
16. **LABOR LAWS.** All goods shall be produced, and services rendered under conditions which meet the applicable requirements of the Fair Labor Standards Act of 1938, as amended, including Section



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12 (a) thereof, and all applicable Federal, State, and municipal laws and regulations governing wages, hours, and conditions of labor. Seller shall insert a certificate on all invoices submitted in connection with this Order stating that the goods or services were produced or rendered in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, including Section 12 (a) thereof, as amended. If the Order is for more than \$10,000 and is otherwise subject to the Walsh-Healey Act (4) U.S. Code 34-45, the representations and stipulations required by that Act and regulations issued thereunder by the Secretary of Labor are included in all contracts therein specified and are incorporated herein by reference. The Equal Employment Opportunity clause in Section 202, of Executive Order #11246, as amended, relative to equal employment opportunity and the implementing rules and regulations of the Office of Federal Contract Compliance are incorporated herein by specific reference. The Seller agrees to comply with all provisions of the Occupational Safety & Health Act and the regulations thereunder, and further agrees to hold the Company harmless for any citations or penalties received by the Company as a result of the Seller's activities. The affirmative action for veteran's clause and the regulations contained in 41 CFR, Part 50-250, Disabled Veterans and Veterans of the Vietnam Era, are incorporated in and form a part of all purchase contracts issued by Buyer. The affirmative action for handicapped workers clause and the regulations contained in Part 60-741, Chapter 60 of title 41 Public Contracts and Property Management are incorporated in and form a part of all purchase contracts issued by Buyer.

17. **INDUSTRIAL LAWS.** The Seller agrees that neither the Seller nor any of the persons furnishing materials or performing work or services, which are required by this Order, are employees of Buyer within the meaning or the application of any Federal or State Unemployment Insurance Law or Old Age Benefit Law or other Social Security Law, any Workmen's compensation Industrial Accident Law or other Industrial or Labor Law and/or local ordinances and regulations affecting employment. The Seller hereby agrees at its own expense to comply with such laws and to be responsible for all liabilities or obligations imposed by any one or more of such laws and/or ordinances and regulations with respect to this agreement and to hold Buyer harmless therefrom.
18. **COMPLIANCE WITH OTHER LAWS.** Seller will comply with all Federal, State and Municipal laws, rules and regulations that may be applicable to this Order.
19. **MODIFICATION OF AGREEMENT.** This Order contains all the agreements and conditions of these transactions and no agreement or other understanding in any way modifying the terms and conditions hereof will be binding upon the Buyer unless made in writing as a change of the Order and signed by Buyer's Chief Procurement Officer.
20. **CONTINGENCIES.** Buyer reserves the right at its option and without liability either to direct suspension of shipments of materials covered by this Order or to cancel this Order, in whole or in part, at any time, without charge to the Buyer, where such suspension or cancellation is caused by Government order or Buyer's customers request or other requirements, embargoes, acts of civil or military authorities, acts of the public enemy, inability to secure transportation facilities, strikes, differences with workmen, accidents at plant of Buyer or Defense Materials System Priority Regulations or other law or order or regulation or other contingencies beyond control of Buyer.





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21. **NO WAIVER OF CONDITIONS.** Failure of Buyer to insist upon strict performance of any of the terms and conditions of this Order shall not constitute a waiver of such terms and conditions or a waiver of any default.
22. **NOTICES.** Any notice required or permitted herein shall be in writing and sent to the other party at such party's address as follows or to such other address as such party shall designate by notice and shall be sent by certified mail, return receipt requested, by overnight courier, or by facsimile transmission to the number given by the other party (put in addresses for both or refer to addresses elsewhere in the order.)
23. **UNITED STATES GOVERNMENT CONTRACTS AND SUBCONTRACTS.** With respect to purchases under United States Government contracts and subcontracts, the parties hereto hereby incorporate as a part of this Order all the clauses set forth or referred to in section VII of the Armed Services Procurement Regulations (as the same are in effect at any time during the performance hereof) which are required to be included herein by such regulations. Where necessary to make the context of such required clauses applicable to this Order, the term "Government" and equivalent phrases shall mean the Buyer and the term "contractor" shall mean the Seller, and the term "contract" shall mean this Order. In the event of any conflict between the provisions of any of the clauses of the Armed Services Procurement Regulations hereby incorporated into this agreement and any other terms and conditions of this Order, the provisions of the clauses of the Armed Services Procurement Regulations so incorporated shall govern. NOTE: The Armed Services Procurement Regulations are obtainable from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250.
24. **CONTROL.** Any conflict between the terms hereof and the terms of any Order issued by Buyer or any other document issued by Buyer other than an amendment hereto or acknowledgments or other documents issued by Seller, these conditions and terms shall control unless such document is specifically acknowledged by both parties in writing to be an amendment to the terms and conditions hereof.
25. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware. Subject to the arbitration provisions of Section 26, Seller consents to the exclusive jurisdiction of the appropriate state or federal court in the St. Louis County, Missouri for any legal or equitable action or proceeding arising out of, or in connection with, each Order. Seller specifically waives all objections to venue in such courts.
26. **ARBITRATION.** All disputes arising under or in connection with any Order or any other document pertaining to any Order shall be finally settled by arbitration before a single arbitrator appointed by the American Arbitration Association ("AAA") which arbitration shall be conducted under AAA's commercial arbitration rules then in effect at the time of the Order provided, however, that discovery shall be permitted in accordance with the United States Federal Rules of Civil Procedure. The decision of the arbitrator shall be final and binding upon Buyer and Seller, shall not be appealable, and judgment on the award rendered may be entered in any court of competent jurisdiction. The arbitrator will have no authority to award punitive or other damages not measured by the prevailing party's actual damages. Each party will bear equally the costs and expenses of AAA and of the arbitrator. Each party will bear its own costs and expenses. The failure by one party to pay its share



of arbitration fees constitutes a waiver of such party's claim or defense in the arbitration. All arbitration proceedings shall be confidential, except to the extent that disclosure is necessary to enforce an arbitration award in a court of competent jurisdiction. Notwithstanding anything to the contrary, Purchaser shall have the right, without waiving any remedy under the Order, to seek from any court of competent jurisdiction (a) equitable relief and (b) any interim or provisional relief that is necessary to protect the rights or property of Purchaser

27. **INTERNATIONAL TRADE AND NAFTA:** The Supplier agrees to comply with all international trade regulations arising from its contractual obligation and provide ECI, through its appointed customs specialist, all documentation required for country of origin validation of goods, object and subject of this transaction , including (but not limited to): Statement of Origin, NAFTA (North American Free Trade Agreement) Certificate of Origin current and valid, and/or Manufacturer's Affidavit; as applicable, either in case of requirement from ECI or any of its subsidiaries, or when such documentation is required by customs authorities.
28. **CTPAT and Authorized Economic Operator AEO (NEEC):** The Supplier agrees to comply with all international trade regulations arising from its contractual obligation and provide ECI, through its International Trade Compliance specialist, documentation for validation of participation on the CTPAT or AEO programs, Supply Chain Security Assessment Survey, or a statement of minimum supply chain security criteria compliance from a company authorized officer, as applicable.